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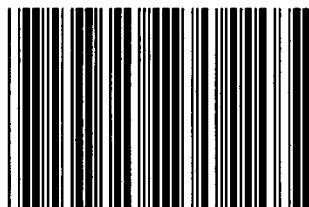
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ENVIRONMENTAL TECHNOLOGY AND THE NEED FOR SUPERFUND REFORM

Remarks by Senator Max Baucus to the

United States Environmental Business Council

September 13, 1994

The Importance of Environmental Technology

When I became chairman of the Senate Environment and Public Works Committee a year and a half ago, the first piece of legislation that I introduced was the National Environmental Technology Act, and the Committee's very first hearing was about environmental technology.

If you'll forgive me for preaching to the choir, let me explain why I think that environmental technology is so important. As we head into the 21st Century, America has an opportunity to lead the world in the development of cutting-edge environmental technology. That means profits for your companies and exports for our country.

But there's another thing that's even more important. To my mind, environmental technology is the key to building a prosperous and healthy future for ourselves and our children.

In the years that I've been in the Senate, I've constantly heard complaints that economic progress and environmental progress are inevitably at odds. Whether the issue is owls and timber workers in the Northwest, or sulfur dioxide and coal miners in the Midwest, we're told that it's a zero-sum game, and that we must choose one side or the other.

It's critical that we move beyond this archaic, adversarial approach. It doesn't have to be a zero-sum game. Economic progress and environmental progress don't have to be at odds. In fact, it's becoming increasingly clear that we can't have one without the other. The National Commission on the Environment, chaired by Russell Train, recently put it this way:

Economic and environmental well-being are mutually reinforcing goals that must be pursued simultaneously if either is to be achieved. Economic growth cannot be

sustained if it continues to undermine the healthy functioning of the Earth's natural systems or to exhaust natural resources. By the same token, only healthy economies can generate the resources necessary for investments in environmental protection.

To put it another way, we must pursue a long-term strategy of sustainable development. This doesn't mean living in tents in the forest. It means achieving economic progress in a way that protects the environment and, by doing so, broadly improves the prospects for future generations.

The linchpin is technology. By the year 2050, both population and per capita output are expected to more than double. As a result, the level of worldwide economic activity will be five times greater than it is today. That level is sustainable only if we make major improvements in the way that we produce goods and services.

In his book, Preparing for the 21st Century, Professor Paul Kennedy compares our situation to that of 18th Century Europe. Malthus had predicted that escalating population growth would lead to perpetual famine. The prediction was wrong, Kennedy says, because it did not account for "humankind's capacity to develop new resources through technology."

Similarly, Kennedy says, our own ability to avoid an environmental catastrophe will be determined, in large part, by our ability to develop environmental technology.

Bruce Smart, a senior Commerce Department official in the Reagan Administration, takes it one step further. He estimates that we eventually must reduce the environmental impact of each unit of industrial production by more than 80 percent.

This is where environmental technology comes in.

Environmental technology doesn't just mean a new black box at the end of a pipe. Environmental technology means the broad application of science to the entire production process. It means new ways to make products that waste less; new products that run cleaner. It means pollution prevention. It means life-cycle planning. It means, in short, a new way of thinking.

As you know far better than I, environmental technology often makes very good economic sense. After all, pollution is waste; "thinking green" helps keep a company in the black. And if we get ahead of the curve and develop environmental technology we'll have the edge in an international market that already has reached \$200 billion and is growing by ten percent every year.

The National Environmental Technology Act

So how do we encourage the development of cutting-edge environmental technology? Much of the work will be done by the people here in this room, and others, who are working to find "win-win" solutions that protect the environment and create jobs.

The federal government also has an important role. It can improve its own research efforts, make strategic investments, and reduce barriers to entry. The National Environmental Technology Act that I introduced at the beginning of this Congress is designed to accomplish these goals, in three key ways:

- ▶ First, the bill requires the federal government to get its own act together. The federal government already spends about \$4 billion on environmental technology, but there is no coherent strategy. Nobody looks at the big picture. Nobody considers whether we are spending the money so that it will pay the best long-term dividend for our environment and our economy.

The bill changes this. It requires the federal government to develop a national strategy for environmental technology, and to review budgets of federal agencies in light of the strategy.

- ▶ Second, the bill stimulates research and development. The federal government spends billions to clean up contaminated federal facilities, but little of this money is spent to develop new clean-up technologies.

The bill changes this too. A portion of the money the government now spends will be earmarked for innovative new technologies that have the potential to make clean-up efforts faster and cheaper.

- ▶ Third, the bill breaks down barriers that make it difficult for companies with new ideas to crack the enviro-tech market. Under the bill, a company that develops an innovative new technology will be able to ask EPA to verify that the technology meets the applicable environmental standards. This will give environmental managers more confidence in innovative technologies, and help small companies break into new markets.

The National Environmental Technology Act is an important first step. President Clinton supports it, it has passed the Senate, and a similar bill has passed the House. Some issues still need to be worked out, but I am confident that, with your continued help, we can accomplish this and send the bill to President's desk this year.

Superfund Reform

The federal government also has another important role. We need to write environmental laws that stimulate rather than stifle environmental technology. As it now stands, some of our major environmental laws freeze old, outdated technology into place. They don't encourage fresh new approaches.

Superfund is a good example. We spend hundreds of millions of dollars each year cleaning up contaminated sites. We should spend that money wisely, by investing some of the clean-up money in the development of new technology which will not only clean up the mess but will create new jobs and add to our competitive strength as a nation.

The Environment and Public Works Committee has reported a Superfund reform bill that would accomplish this. It would create a new fund to build technologies for solving our most difficult Superfund problem -- contaminated ground water. It will allow innovative new technologies to be demonstrated at federal sites -- like closed military bases. And it will help entrepreneurs take chances on new technologies by covering half the cost if the technology falls short of the mark.

That is not all that the Superfund Reform Act would do. In fact, this bill is a sweeping overhaul of current law. Here are some of the improvements it will make:

- ▶ The bill makes it easier for states to run the Superfund program, and puts more decision making power in the hands of the people that live in the neighborhood where a Superfund site is located.
- ▶ The bill reduces transaction costs, by eliminating Superfund liability for some potentially responsible parties, limiting liability for others, streamlining the allocation process for the rest, and establishing a settlement process for Superfund claims against insurance companies.
- ▶ And the bill reforms the Superfund remedy selection process to produce quicker, cheaper, and better clean-ups.

Overall, the bill will reduce Superfund cleanup costs by 20%, reduce the time cleanups take by 20-25%, and reduce litigation costs by 50%. In other words, the bill will result in faster, cheaper Superfund clean-ups and less litigation. At the same time, it will promote the development of environmental technology and increase the protection of public health and the environment. That, to my mind, is a pretty good deal.

The Cost of Inaction

So where do things stand? The Superfund reform bill has been reported by four different House and Senate committees. The fifth and last committee is expected to complete its work next week. Then, the bill is ready to be considered soon on both the House and Senate floor.

Maybe you're just a little bit cynical. Maybe you suspect that all this sounds too good to be true. Maybe you think that political partisanship has become so intense here in Washington that any bill that's worthwhile will become a victim of gridlock.

Such cynicism is partly justified. There are some people in Washington don't want a Superfund reform bill to pass. They want to play politics. So they'll tell you that time is running out. They'll tell you that a few more issues need to be worked out. Some of them will wink, and whisper that "if we stall, we can get an even better bill next year."

Even so, I'm optimistic. We have our work cut out for us. But I believe that the Administration and the bipartisan leaders of Congress will rise to the challenge and pass Superfund Reform legislation this year. Let me tell you why.

First, the bill has extraordinary support. Big businesses, small businesses, environmentalists, community groups, doctors, and people all across the ideological spectrum. And the support is bipartisan. In fact, a number of conservative Republicans have written to urge me to bring the bill to the floor as soon as possible.

There is another reason, and it's even more important. If the bill does not pass, the results will be disastrous. When people say "wait until next year," they miss an important point. First of all, if we delay, the remarkable, broad-based supporting coalition may evaporate. The debate will deteriorate into an unrealistic argument about whether we should repeal retroactive liability. Let me tell you something: that will never happen.

That's only the beginning. The Superfund program expires: if it is not reauthorized within the next month, the program will grind to a halt. If that happens, millions of dollars will be wasted and people all across the country will be exposed to hazardous contamination that should have been cleaned up.

Another thing: we will squander an chance to improve a law that badly needs improving. A chance to cut costs. A chance to shift our nation's limited resources away from paying lawyers and toward protecting public health.

Let me give you an example: the Ludlow landfill in New York -- the town dump. Two big companies faced Superfund liability, so they sued 603 other parties. They literally went through the phone book to drag people into court: school districts, towns, and small businesses such as the local doughnut shop and the florist. If we delay, we allow this kind of outrageous abuse to continue.

Look at it another way. When you add up all the savings, Superfund reform will save our economy almost a billion dollars per year. That's real money -- especially for the small businesses that have to foot the bill. In fact, the nation's largest small business group, the National Federation of Independent Businesses, recently wrote that "Small business owners cannot wait for the perfect solution. They are facing liability today and may be facing bankruptcy tomorrow."

So this bill is critically important to protect small businesses, protect public health, encourage innovative technology, and reduce wasteful litigation. That is why we must put partisan posturing aside, work together, and rise to the challenge. If we do, we can pass the Superfund Reform Act this year.

Conclusion

In conclusion, I want to thank all the members of this group for your support of the environmental technology bill. We are very close to success, and with your help we can cross the finish line. The environmental technology bill is a good start. But it is only a start. As leaders of your companies and your communities, I urge you to continue to work for progressive environmental policies that improve our environment and our economy for ourselves and our children.